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Controller Releases January Cash Update

SACRAMENTO – State Controller John Chiang today released his monthly report covering California's cash balance, receipts and disbursements in January, showing monthly revenues came in \$528 million below the latest projections contained in the Governor's proposed 2012-13 Budget. When compared against the 2011-12 Budget Act, January revenues were \$1.2 billion below estimates.

"January revenues were disappointing on almost every front," said Chiang. "Thankfully the decisive actions taken recently by the State to stabilize its cash flow will ensure that California can pay its bills through the end of the fiscal year."

The Controller's Office had warned the Governor and Legislature that General Fund cash could dip below the minimum safety level of \$2.5 billion on February 29, and slip into the red in March. To address this potential cash problem, the Controller's Office worked with the Department of Finance and the Treasurer's Office to develop a series of short-term cash solutions to get the State through what is expected to be a seven-week cash shortfall. They include additional external borrowing through the Treasurer's Office, a small number of delayed payments, and temporary borrowing from the University of California and California State University systems. The State also has access to an additional \$865 million of internal borrowable funds, due to recent legislation (SB 95) signed by the Governor last week.

To offer a complete view of the State's finances, the [report](#) issued today by the State Controller compares actual revenues and disbursements to figures from 2011, estimates from the 2011-12 Budget Act, and the latest projections found in the Governor's proposed 2012-13 budget.

When compared to the Governor's 2012-13 budget, personal income taxes in January were down \$525 million (-5.5 percent), and corporate taxes also dropped by \$128 million (-48.8 percent). January sales tax totals came in above estimates by \$42.8 million (5.6 percent).

The State ended last fiscal year with a cash deficit of \$8.2 billion. The combined current-year cash deficit stands at \$21 billion. Those deficits are being covered with \$15.6 billion of internal borrowing (temporary loans from special funds) and \$5.4 billion of external borrowing.

For more details, read January 2012's [financial statement](#).

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